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FOR IMMEDIATE RELEASE

Terry Goddard Settles NorVergence Claims with Leasing Company

(Phoenix, Ariz. – April 27, 2006) Attorney General Terry Goddard today announced a settlement with Popular Leasing USA, Inc. that could result in more than \$200,000 in debt forgiveness to nine Arizona customers still being required to make payments on a telecommunications device that is worthless.

The settlement with Popular Leasing, a Delaware-based company, resolves complaints stemming from a widespread telecommunications fraud involving NorVergence, Inc., a bankrupt New Jersey-based telephone equipment and service company. If all affected Arizona customers participate, Popular Leasing will forgive a total of \$207,215.

Between 2001 and July 2004, NorVergence approached small businesses and non-profit organizations and offered to reduce local telephone, long-distance telephone, wireless, and Internet costs by using purportedly high-tech devices called Matrix boxes. These boxes were actually data routers that NorVergence purchased for minimal cost.

NorVergence typically required an equipment rental agreement for three to five years at a rate of \$200 to \$4,000 per month. NorVergence promised consumers a possible 30 percent reduction in their telecommunications bills, but the equipment did not provide the promised savings.

After securing contracts with businesses, NorVergence sold the rental agreements to about 40 finance companies, including Popular Leasing. NorVergence had over 9,000 customer accounts nationwide. A majority of the customers were small businesses, non-profit organizations, and local government entities.

"The victims in this case were harmed twice," Goddard said. "First, when they were sold a box that was worthless and then again when collection agencies started hounding them to pay for this useless box. This settlement will help end a nightmare that started with the hope of saving money and ended up costing money, time and frustration."

Goddard and other state attorneys general have alleged the NorVergence contracts were fraudulent. The Federal Trade Commission launched an investigation, and some consumers have filed class-action lawsuits seeking to collect on the NorVergence leases.

Popular Leasing denies any wrongdoing. Affected customers will be contacted directly by Popular Leasing within 30 days with details about their individual settlement amounts and given information about how to participate in the settlement. Affected customers will then have 35 days to decide whether to participate.

If you believe you have been a victim of fraud, please contact the Attorney General's Office in Phoenix at 602.542.5763; in Tucson at 520.628.6504; or outside the Phoenix or Tucson metro areas at 1.800.352.8431. To file a complaint in person, the Attorney General's Office has 19 satellite offices throughout the state with volunteers available to help. Locations and hours of operation are posted on the Attorney General's Website at www.azag.gov. Consumers are also invited to sign up through the Web site to receive consumer advisories from the Attorney General.

Assistant Attorney General Vincent Rabago handled this case.

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